

TENNESSEE REGULATORY AUTHORITY

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R.A. DOCKET ROOM

460 James Robertson Parkway
Nashville Tennessee 37243-0505

November 10, 2004

Mr. Paul T. Diskin
Manager of Rates and Regulations
American Water Works, Inc.
800 W. Hershey Park Drive
Hershey, PA 17033

RE Docket No. 04-00288 – Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges so as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Service to its Customers.

Dear Mr. Diskin:

To further the Staff's investigation of the reasonableness of the rates filed with this Authority on September 10, 2004 by Tennessee American Water Company, you will need to furnish additional information as requested on the attached Staff Data Request. Please pay particular attention to the directions provided in the first section labeled "Administrative." If you have questions regarding any item number in the attached request, please contact Pat Murphy (extension 178) or Gary Lamb (extension 172) for clarification before responding.

Thank you for your attention to this matter. Please provide all responses by November 19, 2004.

Sincerely,

Darlene Standley
Chief
Utilities Division

Enclosure

c. R. Dale Grimes
T. G. Pappas

TRA STAFF DATA REQUEST (NOVEMBER 10, 2004)

ADMINISTRATIVE

⇒The Tennessee Regulatory Authority ("TRA") requires an original and thirteen (13) copies of the filing.

⇒All schedules requested as a computer file and/or a CD are to be provided in Microsoft Excel 97 or Microsoft Word readable format and Word Perfect readable format for files sent to the Consumer Advocate and Protection Division ("CAPD").

⇒Whenever "latest" information is requested, this information should not be over 90 days old at the time of filing (unless the latest information is more than 90 days old) and should be updated after filing, if material changes occur.

⇒Please respond fully to each item, even if the data has been partially supplied in prior filings or dockets. Information supplied in one item can be referenced if asked for again in another item.

⇒Responses to the requests listed here are to be supplied to the TRA at the following address:

Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

⇒Each copy of the responses should be placed in loose-leaf binders with each item tabbed. Each response should begin by restating the item request. If several sheets are required to answer an item, each sheet should be appropriately labeled and indexed, for example, Item 1(a), Sheet 1 of 4.

⇒For each item responded to, indicate the witness whose testimony would encompass the information requested, where applicable.

⇒For data requested that is also supplied in summary form on the PSC 3.03 reports for the test period only, please reconcile your response to these reports if a variance exists.

⇒Unless otherwise specifically requested, information shall be required for the Tennessee operations only.

⇒Information for which a claim of confidentiality or privilege is claimed should be filed in a sealed envelope marked "Confidential and Privileged." Any such information will be reviewed by the TRA Staff or the CAPD only after an appropriate non-disclosure agreement has been agreed to. In the absence of the agreement of the party claiming

confidentiality or privilege, no such confidential or privileged information may be placed on the TRA's web site or otherwise made public until after the filing party has been given 10 days notice of an Order of the TRA requiring such public disclosure, during which period of time, any interested party may seek a Protective Order from any court having jurisdiction to issue the same.

⇒ In responding to these requests, the applicant should provide the most current, accurate, and comprehensive information available at the time of the response. In making its responses, the applicant should employ those persons who are most knowledgeable regarding the requested information. All information should be presented in a manner designed to promote clear understanding and assessment.

DATA REQUESTS

88. Refer to Exhibit No. 2, Schedule 3 "Summary of Adjustments to Operation and Maintenance Expenses" provided with the testimony of Paul Diskin. Provide a detailed schedule showing the Company's calculation of Operation and Maintenance Labor expense of \$4,631,351 (Per Books 12 Months Ended 3/31/2004). If information is already supplied in the filing or a data request, provide a specific reference to the data request or the Company's workpapers.
89. Refer to Exhibit No. 2, Schedule 3. Provide detailed explanations and corresponding calculations of each adjustment listed in the "Test Year Adjustments Present Rates" column. If information is already supplied in the filing or a data request, provide a specific reference to the data request or the Company's workpapers.
90. Refer to Exhibit No. 2, Schedule 3. Provide detailed explanations and corresponding calculations of each adjustment listed in the "Attrition Year Adjustments" column. If information is already supplied in the filing or a data request, provide a specific reference to the data request or the Company's workpapers.
91. Refer to Exhibit No. 2, Schedule 3. When comparing this schedule with monthly financial statements submitted to the Tennessee Regulatory Authority by the Company, Staff discovered discrepancies for the test period. Explain the following discrepancies:

Description	IFS Submitted To TRA	Exhibit 2 Schedule 3	Difference
O & M Labor	\$4,631,600	\$4,631,351	\$249
Purchased Water	22,770	15,330	7,440
Group Insurance	1,345,794	1,345,749	45
Gen. Office Expense	189,428	189,347	81
Miscellaneous	1,683,054	1,596,601	86,453
Maintenance Expense	636,898	630,331	6,567

92. Provide the hiring and/or termination dates for all employees hired and/or terminated after 3/31/2003.